



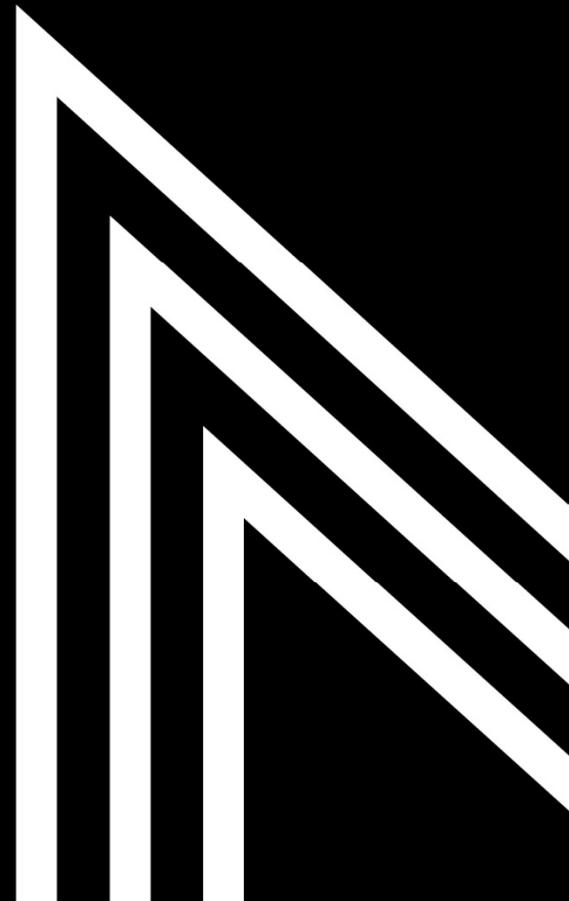
Iugis (NZ) Limited (Administrators Appointed) Forum Group NZ Limited (Administrators Appointed) (the Companies)

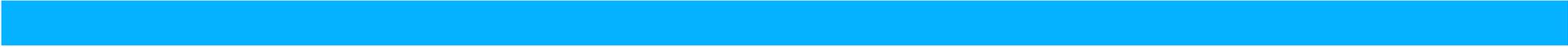
Voluntary Administrators' report pursuant to section
239AU of The Companies Act 1993

5 August 2021



McGrathNicol





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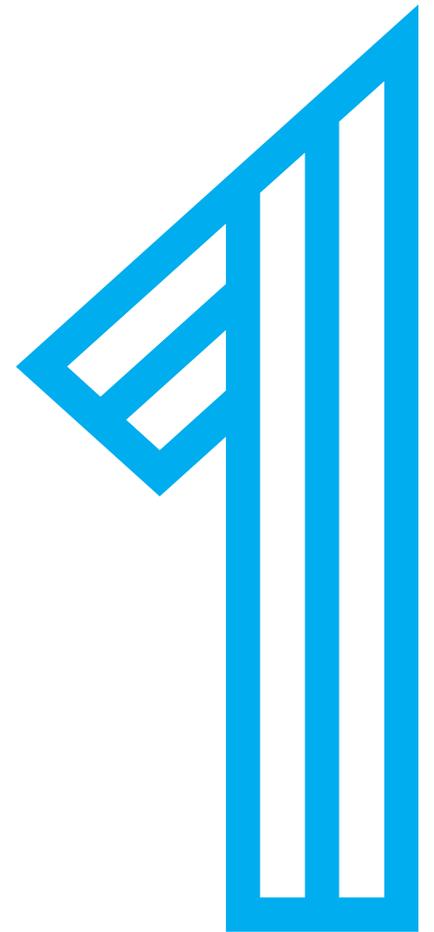
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Glossary

Act	New Zealand Companies Act 1993
Administrators	Andrew Grenfell and Kare Johnstone of McGrathNicol NZ
Appointment date	8 July 2021
AU\$	Australian dollar
Bill Papas	Basile Papadimitriou
Companies	Iugis (NZ) Limited (Administrators Appointed) and Forum Group NZ Limited (Administrators Appointed)
Director	Bill Papas
DOCA	Deed of Company Arrangement
First Creditors Meeting	Creditors meeting held for Iugis (NZ) Limited on 20 July 2021 and Forum Group NZ Limited on 21 July 2021 pursuant to section 239AN of the Act
Forum	Forum Group NZ Limited (Administrators Appointed)
GST	Goods and Services Tax
IR	Inland Revenue
Iugis	Iugis (NZ) Limited (Administrators Appointed)
PMSI	Purchase Money Security Interest
PPSR	Personal Property Securities Register
Report	This Voluntary Administrators' report pursuant to section 239AU of the Act
Watershed Meeting	The second creditors meeting pursuant to section 239AT of the Act to be held at the offices of McGrathNicol on Friday 13 August 2021 at 10.00am
Westpac	Westpac New Zealand Limited

Executive summary



1. Executive summary

This section provides creditors with answers to key questions they may have in relation to the administration, the Administrators' findings and summarises other information in this report.

Questions	Answers
What is the purpose of this report?	<p>This report provides creditors with details of the business and financial circumstances of the Companies in preparation for the forthcoming Watershed Meeting.</p> <p>This report also informs creditors about the investigations undertaken by the Administrators and the Administrators' opinion and recommendation on each of the options available to creditors to vote on at the Watershed Meeting.</p>
What is the Watershed Meeting?	<p>The purpose of the Watershed Meeting is for creditors to decide on the future of the Companies.</p> <p>The options available for creditors to vote on are whether the Companies should be returned to the control of the Director or enter into liquidation. The Administrators note that, as at the date of this report, no Deed of Company Arrangement (DOCA) has been proposed and, consequently, the option for either of the Companies to enter into a DOCA is not available.</p>
Where and when is the Watershed Meeting?	<p>The Watershed Meeting will be held at the offices of McGrathNicol, Level 17 AIG Building, 41 Shortland Street, Auckland on Friday 13 August 2021 at 10.00 am.</p> <p>Observers are able to attend the meeting, however will not be entitled to participate, either by voting or by asking questions.</p>
What did the Companies do?	<p>lugis was purportedly established to provide food waste disposal systems to the hospitality industry. However, its primary activity appears to have been the receipt, and subsequent payment to a related company, of bank funding obtained through the sale of fraudulent equipment lease agreements. The nature of the business activities of Forum are as yet unknown.</p>
What is the status of the Companies?	<p>On 8 July 2021 Domenic Calabretta, Grahame Ward and Thyge Trafford-Jones of Mackay Goodwin were appointed Voluntary Administrators of the Companies by their director, Bill Papas.</p> <p>On 20 July 2021 and 21 July 2021 Licensed Insolvency Practitioners Andrew John Grenfell and Kare Johnstone, of Auckland, were appointed as replacement administrators of lugis and Forum respectively, pursuant to section 239R(2)(a) of the Act.</p>

Questions	Answers
Who controls the Companies now?	<p>From the date of their appointment, the Administrators have had responsibility for the day-to-day management of the Companies.</p>
What were the key events leading to the appointment of administrators?	<p>The director of lugis and Forum, Bill Papas, resolved to appoint administrators to the Companies on 8 July 2021.</p> <p>The appointment followed the discovery of irregularities in the lugis customer lease agreements provided to secure funding from external parties.</p>
What actions have the Administrators taken to date?	<p>Since their appointment the Administrators and their staff have attended to the following:</p> <ul style="list-style-type: none"> ▪ attendance at first creditors meeting; ▪ complying with statutory appointment advertising requirements; ▪ requesting from various parties financial records of the Companies to establish the financial position of each entity; ▪ determining the existence of creditors; ▪ contacting lugis purported customers; ▪ meeting statutory obligations, including preparing reports for, and convening Watershed Meetings of creditors; and ▪ conducting preliminary investigations into the affairs of the Companies.
What was the date of insolvency?	<p>The Administrators' have not had access to sufficient financial information in order to assess the date of insolvency of each of the Companies.</p> <p>Additional investigations by an appointed liquidator will consider further the date of insolvency.</p>

1. Executive summary

Questions	Answers
What claims have the Administrators identified that may be available to a liquidator?	Potential claims available to a liquidator include (among others) insolvent trading, voidable transactions and breach of director's duties. Given the absence of available financial information the Administrators have to date not had the opportunity to investigate any claims that may be available to a liquidator.
Has a DOCA been proposed?	At the date of this report, no DOCA has been proposed and, based on information presently available to the Administrators, a DOCA proposal is unlikely to be received.
Will the Secured Creditor be repaid its debt?	<p>Secured creditors rank ahead of unsecured creditors. The funder that purchased the receivables associated with the purported sale of equipment by lugis to third parties has a registered security interest in the receivables, the documentation evidencing the receivables, and the equipment that is subject of the documentation evidencing those receivables.</p> <p>On the basis the transactions were fraudulent, the secured creditor is unlikely to be repaid its debt under the security.</p>
Will unsecured creditors be paid a dividend?	It is too early to confirm whether a dividend will be available to unsecured creditors. Further investigations are required to determine the possibility of recovery of assets for the benefit of creditors.
What do the Administrators recommend creditors vote for at the Watershed Meeting and why?	In the absence of a DOCA proposal, and with no apparent viable business operations the Administrators recommend that creditors vote for the Companies to be placed into liquidation. There are no other viable options at this time.
As a creditor, what do I need to do?	<p>You are not required to do anything. But you are entitled to vote at the Watershed Meeting, either by postal vote, attending in person, or appointing a proxy.</p> <p>A voting form is attached with the notice to creditors. We also recommend that you submit a creditors claim form, if you have not done so already.</p>

Introduction



2. Introduction

2.1 Overview

This section provides information on the entities to which the Administrators were appointed, the objectives of the administration, the purpose of this report, meetings of creditors and the Administrators' relevant relationships.

Appointment of Administrators

- On 8 July 2021 Domenic Calabretta, Grahame Ward and Thyge Trafford-Jones of Mackay Goodwin were appointed Voluntary Administrators by the director of the Companies.
- Andrew Grenfell and Kare Johnstone of McGrathNicol New Zealand were appointed by creditors resolution as replacement joint and several administrators of Iugis (NZ) Limited pursuant to section 239R(2)(a) of the Act on 20 July 2021, and of Forum Group NZ Limited on 21 July 2021.

Objective of voluntary administration

- In a voluntary administration, administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the directors and officers, to manage the company's affairs and deal with its assets in the interests of its creditors.
- The intention of a voluntary administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most pre-administration creditor claims.
- Administrators are also required to investigate the company's affairs and report to creditors on the administrators' opinion as to which outcome of the voluntary administration process is in the creditors' best interests, informing the creditors prior to their voting at the Watershed Meeting (refer section 8).

First creditors' meeting

- Section 239AN of the Act requires an administrator to convene a first creditors' meeting within eight business days of being appointed.
- The first creditors' meetings for the Companies were held on 20 July 2021 (Iugis) and 21 July 2021 (Forum). At both meetings Andrew Grenfell and Kare Johnstone were appointed as replacement Voluntary Administrators.

Creditors' committee

- No Creditors' Committee has been appointed to the Companies.

2. Introduction

2.2 Watershed meeting and this report

The Watershed Meetings for the Companies are to be held at the offices of McGrathNicol, level 17 AIG Building, 41 Shortland Street, Auckland, on Friday 13 August 2021 at 10:00am.

Watershed Meeting

- The Watershed Meetings for the Companies are to be held at the offices of McGrathNicol, Level 17 AIG Building, 41 Shortland Street, Auckland on Friday 13 August 2021 at 10.00am. A copy of the notice of meeting is provided with this report.
- The purpose of the Watershed Meeting is for creditors to resolve what option to take in relation to the future of the entities under administration. The options available (under section 239AU of the Act) are whether each entity should:
 - end the administration and be returned to its director; or
 - enter into a DOCA; or
 - enter into liquidation.
- In respect of these options, given Iugis and Forum are both likely insolvent, no DOCA has been proposed, and given the alleged fraud the Administrators' opinion is that the only option is for each of the Companies to be placed in liquidation.

Purpose of this report

- Section 239AU of the Act requires the Administrators to provide a report (**Report**) to all creditors ahead of the Watershed Meeting, containing:
 - details about the business, property, affairs and financial circumstances of the entities under administration;
 - the Administrators' opinion and recommendation on each of the options available to creditors; and
 - if a DOCA is proposed, the details of the DOCA.
- This Report has been prepared in respect of the Companies and informs creditors about the investigations undertaken by the Administrators to date.
- The Administrators have been provided with extremely limited information relating to the operations of the Companies and accordingly our investigations are at a preliminary stage.

Context of this report

- In reviewing this Report, creditors should note the following:
 - This Report and the statements herein are based upon our preliminary investigations to date. Any additional material issues identified subsequent to this Report may be the subject of a further written report and/or tabled at the forthcoming Watershed Meeting.
 - The investigations of Iugis's affairs have been prepared from limited books and records made available to the Administrators by Iugis's external accountants. The information that we have been provided is insufficient to conduct a full investigation on the financial operations of the entity.
 - We have not been provided with any financial information relating to Forum, and accordingly cannot comment on the financial operations of this entity.
 - The Administrators understand neither Iugis or Forum had any employees.
 - Notwithstanding a formal request, at the date of this Report the Administrators have not received any information from, nor the opportunity to talk to, the director of the Companies, Bill Papas.
 - We reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially changes from the date of this Report.
 - The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information that may be provided to us between the date of this Report and the date of the Watershed Meeting.
 - Amounts in this report are in New Zealand dollars, unless otherwise stated and may not sum exactly due to rounding.

2. Introduction

2.3 Interests Statement/Declaration of independence

As at the date of this Report, the Administrators' opinion as to our independence had not varied from the first declaration provided when consenting to act as administrators. The purpose of the declaration below is to allow creditors to make an informed decision about our independence in relation to the administration and proposed liquidation of the Companies.

Interest Statement (Declaration of Independence, Relevant Relationships and Indemnities)

lugis (NZ) Limited (Administrators Appointed)

Forum Group NZ Limited (Administrators Appointed) (together the Companies)

Section 255A and 239APA of the Companies Act 1993 and the Restructuring Insolvency and Turnaround Association of New Zealand Inc. (RITANZ) Code of Professional Conduct requires Licensed Insolvency Practitioners appointed to an insolvent entity to provide an Interest's Statement/Declaration as to:

- A. their independence generally, including any potential conflict of interest;
- B. relationships, including
 - a) the circumstances of the appointment;
 - b) any relationships with the Companies and others within the previous two years;
 - c) any prior professional services for the Companies within the previous two years;
 - d) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This Declaration is made in respect of ourselves, our partners and the firm McGrathNicol.

A. Independence

We, Andrew John Grenfell and Kare Johnstone (**Administrators**), Chartered Accountants and Licensed Insolvency Practitioners of the firm McGrathNicol, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators or liquidators of the Companies in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

(i) Circumstances of appointment

McGrathNicol was initially approached by Westpac to act as replacement administrators. Neither the Administrators nor McGrathNicol were engaged by the Companies at any time to provide services in relation to the Companies.

(ii) Relevant Relationships

Neither we, nor our firm, have, or have had, within the preceding two years, any relationships with the Companies, their director or any of the Companies' or director's associates.

(iii) Prior professional services to the Insolvent

Neither we, nor our firm, have provided any professional services to the Companies.

(iv) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, with the Companies, that should be disclosed.

C. Indemnities and Up-front Payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. We have not received any up-front payments to cover our remuneration and disbursement costs in relation to the administration.

Dated: 3 August 2021



Andrew John Grenfell



Kare Johnstone



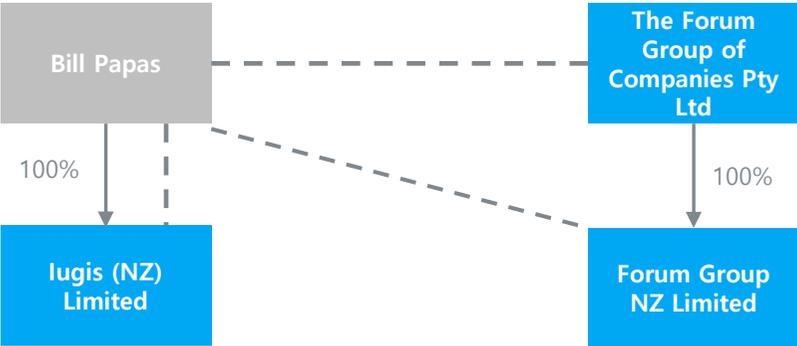
Background



3. Background information

3.1 Corporate overview

The ownership structure of the Companies is set out below. Bill Papas retains either a directorship or shareholding in each of the New Zealand companies. The wider Forum Group comprises 29 additional related companies based in Australia. Partners of McGrathNicol Australia have been appointed as liquidators over the Australian entities.



----- Directorship
----- Shareholding

Source: Companies Office

3. Background information

3.2 Secured creditors and trade and other creditors

This section summarises the security registered on the PPSR and the unsecured creditor position at the Appointment Date.

Security interests

- A search of the PPSR of both Companies was performed on our appointment date.
- Forum had no registered security interests as at the date of the appointment of the Administrators.
- Iugis has the following registered security interest:

Iugis PPSR - security interests as at 20 July 2021

Date of charge	Secured party	Collateral
19 December 2018	BHO Funding Pty Limited	All Present and After Acquired Personal Property

- BHO Funding Pty Limited's (now Eqwe Pty Ltd) security interest is in the receivables, the documentation evidencing the receivables, and the equipment that is subject of the documentation evidencing those receivables, that are the subject of an alleged fraud.
- On the basis the transactions were fraudulent, then there is unlikely to be any recoveries available under the registered security interest.
- Should the Companies be placed into liquidation, it will be necessary for the liquidator to review creditor claims with regards to security, to determine the order of priority for distributions.

Unsecured creditors

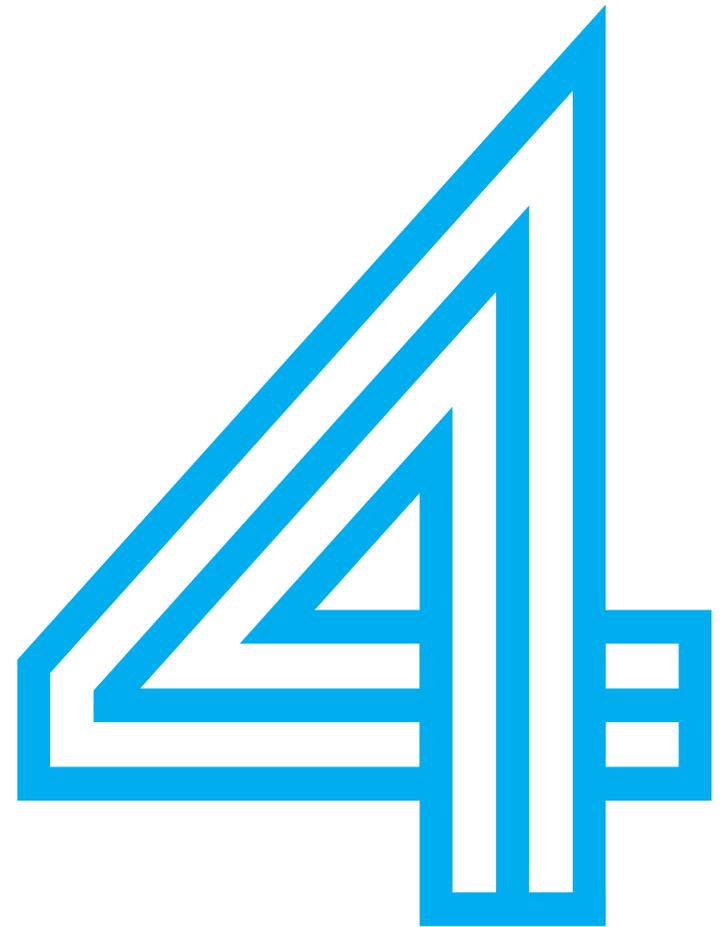
Iugis

- The limited books and records of Iugis provided to the Administrators show that the it had two inter-company creditors totalling approximately \$34,249 at the date of appointment.
- The Administrators have to date received one proof of debt form for Iugis in the amount of \$48,511,025.62. The debt has been incurred through the alleged fraudulent activity committed by the Companies' director, Bill Papas, in providing forged customer leasing contracts to Eqwe Pty Ltd / Westpac in order to secure funding.
- Iugis is the subject of legal proceedings issued by Westpac. Legal action has also commenced in Australia relating to a similar alleged fraud involving the on sale of fictitious customer leasing contracts.
- Investigations into the alleged fraud by the Administrators is at an early stage. The Administrators will work with the Australian appointed liquidators to investigate the nature of the fraud and to trace the proceeds of the fraudulent activity across entities within the wider group of companies controlled by Bill Papas.

Forum

- The books and records of Forum have not be made available to the Administrators.
- The Administrators have to date received one proof of debt for Forum in the amount of AU\$845.00.
- The adjudication process for creditors claims will be performed by the liquidator, once investigations have completed and potential asset recoveries made.
- The liquidators will formally call for claims.

Recent financial information



4. Recent financial information

4.1 Historical balance sheet

A summary of Iugis balance sheet as at 8 July 2021 is set out below. As noted, the financial statements provided are not up to date with the last transaction recorded on 30 June 2020, and accordingly do not accurately reflect the position as at the Appointment Date. The Administrators sought, but have not yet received, updated financial information. The Administrators have been unable to source financial data for Forum.

Iugis (NZ) Limited (Administrators Appointed)	
\$'000	Jul-21
Assets	
Bank	59
Debtors	20
Prepayments	2
Total assets	81
Current liabilities	
BHO Clearing Account	(2,319)
Trade creditors	34
Total current liabilities	(2,284)
Non-current liabilities	
Intercompany loans - Forum Enviro	2,391
Total liabilities	2,391
Net assets/(liabilities)	(26)
Equity	
Current year earnings	-
Retained earnings	(26)
Shareholders funds	(26)

Disclaimer: The statement of assets and liabilities has been prepared based on information supplied by the company's external accountant. This information has not been verified. The Administrators have not carried out an audit of the information supplied and therefore they do not accept any responsibility for the accuracy of the information from which the Statement has been prepared. The Administrators do not accept any responsibility on any ground whatever, including liability in negligence, to any other person. **The Administrators are currently assessing the realisable value of reported assets.**

Events leading to appointment



5. Events leading to appointment

5.1 Overview

This section of the Report provides an overview of the circumstances that led the director to appoint administrators.

- We are advised that the director's legal adviser approached Mackay Goodwin, an Australian based insolvency firm, to act as administrators of a number of related entities (including Iugis and Forum in New Zealand) either controlled or owned directly by Bill Papas, or parties related to Bill Papas.
- On 8 July 2021 Domenic Calabretta, Grahame Ward and Thyge Trafford-Jones of Mackay Goodwin were appointed Voluntary Administrators of Iugis and Forum by Bill Papas.
- The director's appointment of administrators to the Companies follows Westpac issuing a Statement of Claim on 30 June 2021 naming Iugis (NZ) Limited as defendant alleging irregularities in customer lease agreements relating to equipment sold to a purported customer of Iugis, which were subsequently purchased and assigned to Westpac.
- The Administrators were approached by Iugis's major creditor, Westpac, to act as replacement administrators of Iugis.
- At the first creditors meetings held for each of the Companies, consents to act were provided by Andrew Grenfell and Kare Johnstone to act as replacement Voluntary Administrators.
- On 20 July 2021 Andrew John Grenfell and Kare Johnstone, of Auckland, were appointed by creditors resolution as replacement administrators of Iugis pursuant to section 239R(2)(a) of the Companies Act 1993.
- On 21 July 2021 the Administrators were also appointed by creditors resolution as replacement administrators of Forum.

Administrators' actions to date



6. Administrators' actions to date

This section of the Report provides creditors with an overview of the key activities undertaken by the Administrators and their staff since their appointment. The Administrators' activities have been limited to date as a result of limited financial information on the Companies and pending completion of investigations being undertaken by liquidators appointed to the Australian related entities.

Statutory and general obligations

To date the Administrators have:

- Notified all trading banks of the Administrators' appointment and enquired as to the existence of bank accounts.
- Attended to the Administrators' statutory duties including informing the IR, ACC and various other statutory authorities of the appointments.
- Issued requests to the director to complete a Statement of the Company's Position and deliver the books and records of the Companies to the Administrators.
- Contacted three external accounting firms in an attempt to secure the Companies' books and records.
- Reviewed Xero accounting records for Iugis.
- Obtained bank statements and requested payment traces on payments made from the Iugis's trading bank account.
- Liaised with the Australian liquidators of the Forum Group regarding payments made to related companies.
- Attended to other general matters and statutory requirements.
- Liaised with legal advisers in relation to actions by the former administrators.

Creditors

- Attended the first creditors meeting and sought appointment as replacement administrators.
- Issued notices of our appointment.
- Reviewed the limited books and records under the Administrators' control.
- Prepared the Administrators' Report (i.e. this Report) pursuant to section 239AU of the Act including:
 - reporting on investigations;
 - making a recommendation to creditors on the future of the Companies; and
 - convening the Watershed Meeting, and

Trading

- Requested copies of leasing contracts from debtors.

Investigations



7. Investigations

This section of the Report informs creditors about the investigations undertaken by the Administrators to date, and sets out whether any potential recovery actions have been identified that may be available to a liquidator to pursue for the benefit of creditors.

Overview

- The Administrators have undertaken preliminary investigations on whether there are any potential recoveries or actions available in a liquidation, or any transactions that appear to be voidable pursuant to the Act whereby a liquidator (if appointed) may be able to recover money or property for the benefit of creditors.
- These investigations enable the Administrators to form an opinion on each of the three possible options available to creditors to vote at the Watershed Meetings, including an opinion as to which of the three options is in the best interests of creditors.
- However, in the Administrators' opinion, in this instance there is only one option available to creditors: to resolve to appoint liquidators to each of the Companies. This is because no DOCA has been proposed, the Companies appear to be insolvent, and ending the administration and returning the Companies to the director is not prudent given the investigations required into the alleged fraud undertaken by the Companies and its director.
- We report on our initial investigations in order to provide creditors with full information regarding the administration and what may be considered in a liquidation. In the event liquidators are appointed to the Companies, further investigations will need to be undertaken pursuant to the statutory duties and powers that liquidators have under the Act.

Investigations undertaken

- The Administrators' investigations undertaken to date have been very limited due to the inability to secure meaningful financial information from the Companies. To date the Administrators have:
 - obtained Iugis bank records and analysed transactions;
 - requested bank searches on payments out of Iugis's bank account;
 - provided Iugis bank records to the Australian liquidators for funds tracing purposes;
 - contacted Iugis leasing customer requesting information re contracts;
 - reviewed Iugis financial accounting information held on Xero; and
 - conducted PPSR searches.
- No financial information has been provided to the Administrators for Forum.

Adequacy of books and records

- Pursuant to section 194 of the Act, the board of a company is required to ensure that accounting records are maintained that correctly record and explain the company's transactions, financial position and performance, and that would enable financial statements to be prepared and audited.
- If the board fails to maintain books and records in accordance with section 194, each director commits an offence and is liable on conviction to a penalty not exceeding \$50,000 pursuant to section 374 (3) of the Act.
- Based on the books and records of Iugis provided to us, the Administrators are of the opinion that the books and records are not adequate pursuant to section 194 of the Act.
- Forum's books and records have yet to be provided to the Administrators. On the basis there appears to be no books and records readily available, and until sufficient evidence is provided to the contrary, the Administrators are of the opinion that the books and records of Forum are not adequate pursuant to section 194 of the Act.

Determining the date of insolvency

- An insolvent company is one that is unable to pay its debts when they fall due for payment, or is one where its liabilities exceed its assets. It is important to understand the timing of insolvency, because it can provide opportunities for a liquidator to pursue certain claims against parties that would not otherwise be available if the company was solvent.
- On 8 July 2021 the director resolved that, in his opinion, the Companies were, or might become, insolvent and responded by appointing administrators. This is therefore the latest date that we could determine the Companies becoming insolvent.

7. Investigations

The Administrators' preliminary investigations have been limited to date due to an absence of meaningful financial information. Further work is required to be conducted once information becomes available.

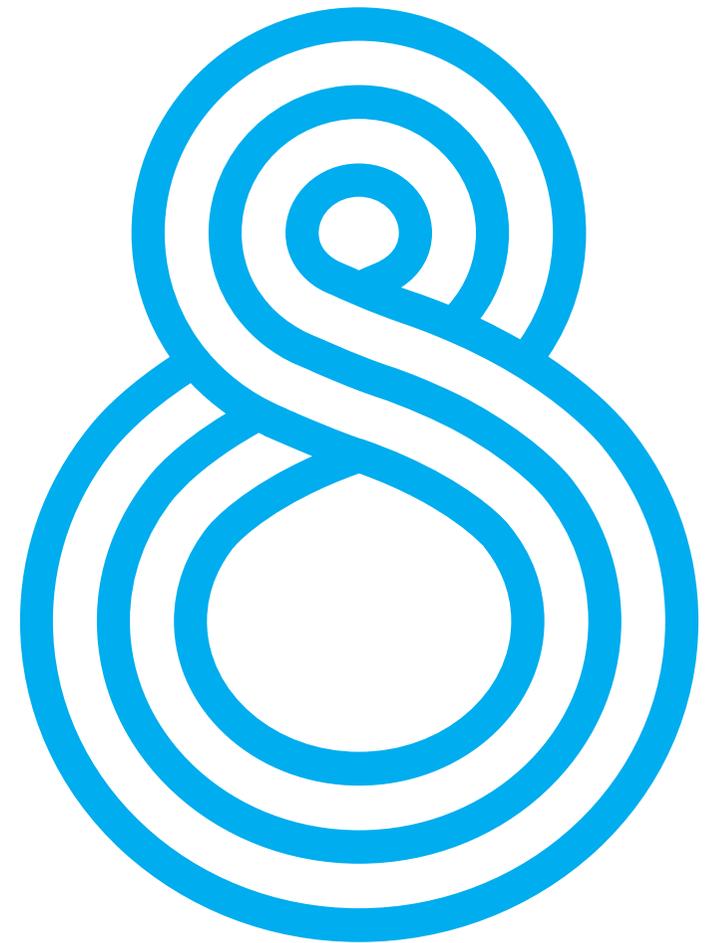
Voidable transactions

- In the event that the Companies are put into liquidation, certain transactions that occurred prior to appointment where property of the Companies was disposed of or dealt with, may be recovered by a liquidator. These are known as voidable transactions and include:
 - preferential payments, i.e. insolvent transactions;
 - transactions at an undervalue;
 - unreasonable director-related transactions;
 - creation of a charge over any property; and
 - transactions for the purpose of defeating creditors.
- For the purposes of voidable transactions, the "specified period", being the relevant time period in which transactions may be deemed to be voidable transactions under the Act, is six months before the date a company is put into liquidation (or the date an application is filed to place the company in liquidation), however this period is extended to two years for transactions between related parties.
- There are a number of statutory defences available under the Act to counterparties of voidable transactions. Specifically, section 296(3) of the Act provides that a court must not order repayment by a party who proves that, when it received the payment:
 - it acted in good faith; and
 - there were no reasonable grounds to suspect, and it did not suspect, that the company was, or would become, insolvent; and
 - it either gave value for the payment or altered its position in the reasonably held belief that the payment was validly made and would not be set aside.
- As voidable transactions can only be pursued by a liquidator, further investigations would be required by the appointed liquidator to determine whether any voidable transaction claims exist, and whether or not they would be commercial to pursue.

Directors' and Officers' responsibilities

- Sections 131 to 138 of the Act set out the duties, obligations and responsibilities imposed on directors, which are designed to promote good governance and ensure that directors act in the best interests of the company. These include duties of:
 - care, diligence and skill;
 - good faith; and
 - acting in the best interests of the company.
- A claim of significant value has been made against Iugis for breach of The Fair Trading Act 1986, deceit, breach of contract, and breach of fiduciary duty owed to Westpac. In the context of the pending legal action and alleged fraud, a liquidator is likely to find the director has failed to act in good faith and in the best interests of the Companies.
- We have attempted to contact the director, however we have had no response. We understand that Mr Papas is currently in Greece.
- Section 239AW of the Act requires the directors of a company to attend the Watershed Meeting. The Administrators will invite Mr Papas to attend remotely.

Alternatives available to creditors



8. Alternatives available to creditors

8.1 Recommended course of action: liquidation

The purpose of this section is to advise creditors of their options at the Watershed Meeting and highlight the Administrators' recommended option. In the absence of a DOCA proposal, and with the Companies insolvent, the Administrators recommend that creditors vote for each of the Companies to be placed into liquidation. There are no other viable options at this time.

Alternative courses of action

- The primary purpose of the Watershed Meeting is for creditors to vote on the future of the Companies. The Administrators are required to provide their opinion as to whether it would be in the creditors' interests for:
 - the Companies to execute a DOCA; or
 - the administrations to end, with control of the Companies reverting to the director; or
 - a liquidator be appointed.
- **The Administrators recommend that creditors vote for the third option, to appoint liquidators to each of the Companies, for the reasons set out below.**

Deed of Company Arrangement

- A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate liquidation.
- To date, no DOCA proposal has been put forward to the Administrators for their consideration.
- As such, there is no DOCA proposal on which the Administrators can report or provide an opinion on, or on which creditors can vote. This option is therefore not available.

Administration to end

- Creditors may consider ending the administrations and returning control of the Companies to the director. We do not believe this to be a prudent and viable option given the absence of the director and alleged fraud perpetrated by the director and the Companies.
- In our opinion, it is not in the best interests of creditors to vote for the administrations to end.

That a liquidator be appointed

- An administrator would usually recommend that creditors vote for an insolvent company to be put into liquidation in the absence of an acceptable DOCA proposal. The liquidation of the Companies would involve:
 - further enquiries into potential insolvent trading and voidable transactions;
 - investigations into the alleged fraud and potential recoveries of monies for the benefit of creditors; and
 - adjudicating creditor claims and payment of dividends, if any.
- Given the Companies are insolvent and no DOCA has been proposed, **the Administrators recommend that creditors vote in favour of each of the Companies being placed into liquidation.** The Administrators consider this to be the only viable option at this time.

Appendices



Appendix one

Explanation of hourly rates

Our standard hourly rates are set out in the table below, together with a general guide showing the qualifications and experience of staff and the role they take in the external administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Guide to qualifications and role	Hourly rate (excl GST)
Appointee/ Partner	Licensed Insolvency Practitioners, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$645
Director	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than ten years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$555
Senior Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major work streams in larger matters.	\$485
Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.	\$430
Assistant Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages work stream activity within appointments.	\$380
Senior Analyst	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within work streams and appointments under supervision.	\$305

Title	Guide to qualifications and role	Hourly rate (excl GST)
Analyst	Generally, degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within work streams and appointments under supervision.	\$290
Administrator	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$280
Secretaries	Appropriately experienced and undertakes support activities, such as meeting co-ordination and preparation of materials where it is efficient and appropriate to do so.	\$175

Appendix one

Explanation of Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs – such as travel, accommodation, external printing services and search fees, which are also recovered at cost.
- Internal disbursements – office service charge, which includes the cost of photocopying, printing, postage, telecommunications and other fixed and variable overheads.

Disbursement	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements: office service charge	3.0% of hourly rate
Internal disbursements: staff vehicle use*	\$0.68-\$1.09 per KM, depending on the size of the vehicle's engine
Internal disbursements: conference calls	At cost

